

31A-40-207 Taxation.

- (1)
 - (a) A covered employee whose service is subject to a sales or use tax under Title 59, Chapter 12, Sales and Use Tax Act, is considered the employee of the client for purposes of imposing and collecting the sales or use tax on the service performed by the covered employee.
 - (b) This chapter may not be interpreted to relieve a client of a sales or use tax liability with respect to a good or service of the client.
- (2)
 - (a) If the amount of a tax or fee described in Subsection (2)(b) is determined on the basis of the gross receipts of a professional employer organization, only an administrative fee collected by the professional employer organization is considered gross receipts.
 - (b) This Subsection (2) applies to:
 - (i) a tax on a professional employer service;
 - (ii) a business license fee; or
 - (iii) another fee or charge.
- (3) A taxing entity shall assess a tax assessed on a per capita or per employee basis:
 - (a) on a client for a covered employee; and
 - (b) on the professional employer organization for an employee of the professional employer organization who is not a covered employee coemployed with a client.
- (4) If a tax is imposed or calculated on the basis of total payroll, the professional employer organization is eligible to apply a small business allowance or exemption available to the client for a covered employee for the purpose of computing the tax.

Enacted by Chapter 318, 2008 General Session